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WEEKLY ROUNDUP OF WORLD PRODUCTION AND TRADE

WR 15-81

WASHINGTON, April 15--The Foreign Agricultural Service of the U.S. Department of Agriculture today reported the following recent developments in world agriculture and trade:

GRAIN AND FEED

The EC COMMISSION announced on April 1 a proposal to make available a second package of food aid to Poland similar to a package approved in December 1980. The new package carries a market value of around \$220 million and includes 175,000 tons of barley, 25,000 tons of rye and 200,000 tons of feed wheat. Prices for the items will average roughly 15 percent below world market prices.

Also, FRANCE has decided to immediately supply Poland with 400,000 tons of wheat in addition to its contribution to the EC package. Total French grain sales to Poland from its 1980 harvest are expected to top 1.2 million tons.

The EUROPEAN COMMUNITY (EC) Council of Ministers recently announced the finalized 1981/82 farm price package. The Council approved an average price increase of 9.5 percent for all commodities, in contrast with the staunch advocacy by the European farmer's union of a 15.3-percent rise.

Constrained somewhat by financial considerations, yet under pressure to curb the steady decline in EC farmers' real income, the Council's decision represents the largest average increment authorized since the early 1970's.

It is noteworthy that the increases authorized in the various target prices (from which import levies are derived) exceed those for the intervention prices (which determine the internal market floor). These adjustments effectively increase protection for EC farmers from competitively priced grains from the United States and other major exporters. Also authorized is increased aid to Durum producers who will obtain direct payments of some 85 ECU (US \$102) per hectare, up 7.5 percent from the 1980/81 aid level.

In light of the strengthened production incentives and favorable weather conditions to date in most of the EC, the upcoming grain crop may be very sizable for the second consecutive year. Consequently, the Community may continue to export aggressively in an effort to prevent surplus grain from weighing upon internal prices.

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MARY FRANCES CHUGG, Editor. Tel: (202) 447-3370, 447-2381. Weather and Crop Summary prepared by the Joint Agricultural Weather Facility of USDA and NOAA. Tel: (202) 447-8760, 447-7917. Additional copies may be obtained from the FAS Information Services Staff, Room 5918-South, Washington, D.C. 20250. Tel: 447-7937.

The new 1981/82 price levels and the percentage rate of growth from the corresponding 1980/81 prices are as follows (as of April 9, one ECU equalled US \$1.185):

	1980/81		1981/82		Percentage increase
	Amount (ECU per ton)	Approx. U.S. dol. equiv.	Amount (ECU per ton)	Approx. U.S. dol. equiv.	
<u>Soft wheat</u>					
Target price	214.01	254.00	230.55	273.00	7.73
Intervention price (feed wheat)	155.88	185.00	165.23	196.00	6.00
Reference price (Bread wheat)					
Average quality	179.27	212.00	192.72	228.00	7.50
Minimum	175.20	208.00	182.65	216.00	5.50
<u>Durum</u>					
Target price	294.71	349.00	317.49	376.00	7.73
Intervention price	260.33	308.00	279.85	332.00	7.50
<u>Feed grains</u> (including barley and corn)					
Target price	194.32	230.00	210.00	249.00	8.07
Intervention price	155.88	185.00	165.23	196.00	6.00

CANADA announced on April 3 substantial increases in intended area for major grain crops. The increased acreage is due in part to the initial payment prices which were raised to record levels in January. If the Canadian Prairie Provinces experience favorable weather, total grain production could increase substantially over the drought-affected 1980/81 level of 40.8 million tons.

Planting intentions and seeded area for 1980 and 1981 are as follows:

	1980		1981
	Intended	Seeded	Intended
Winter wheat	362	275	356
Spring wheat	9,440	9,568	10,195
Durum	1,275	1,255	1,457
All wheat	11,077	11,098	12,008
Oats	1,966	1,940	2,112
Barley	4,717	4,837	5,327
Rye	372	310	466

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In ARGENTINA, continued ideal weather conditions, as well as a 12-percent increase in sown area, have resulted in an expected record corn crop of 12.8 million tons. Yields are forecast at a new high of 3.7 tons per hectare, compared with the previous record of 3.65 million tons set in 1977.

Corn exports also are expected to reach a new high of 9.4 million tons, more than twice last years reduced level of 3.4 million tons. Sorghum production is estimated at 7 million tons, compared with the 1978 record of 7.2 million tons. Exports of sorghum could reach 4.5 million tons, three times greater than last year's 1.5 million tons.

PORTUGAL is formulating plans for a liberalization of its grain trade within the next few months. Measures under consideration reportedly would change the function of the state trading monopoly (EPAC) by opening up procurement of imported grain to the private sector. Such measures also would alter the present pricing structure which subsidizes grain consumption. Indeed, price increases announced recently were intended to begin preparing the country for price rises likely to follow once these subsidies are drastically cut or eliminated. Although the government is planning to reduce its monopoly over imports, it reportedly will strive to prevent the domination of trade by the major grain trading entities.

In BRAZIL, rice crop prospects during 1980/81 have deteriorated as a result of drought conditions in the north and northeast, as well as a prolonged veranico (seasonal dry weather between mid-January and mid-February) in the west-central region. While rains in early April prompted the government to undertake financing replanting efforts, production prospects this season have been cut to 9.1 million tons (paddy), down 500,000 to 600,000 tons from last year's crop and from earlier expectations for the current harvest.

The current rice crop prospects in Brazil, coupled with upward trends in domestic consumption, will probably necessitate a reconsideration of imports. After a bumper crop last season, Brazil was able to reduce imports from 745,000 tons in calendar 1979 to about 250,000 tons in 1980. While current estimates of 1981 rice imports are placed at 250,000 tons, the eventual level could go considerably higher, depending on the final size of the crop and evolving stock policies.

DAIRY, LIVESTOCK AND POULTRY

The EUROPEAN COMMUNITY increased the subsidy rate on April 6 for exports of canned hams to the United States from 58 to 65 ECU per kilogram (31 to 34 U.S. cents per pound) and lowered the rate to other contries from 37

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to 34 cents per pound. Thus, the export subsidy on canned hams is now the same to all destinations. For shoulders, the subsidy to all destinations is now 28 cents. The previous level to the United States was 25 cents and to other countries 30 cents. According to the EC Commission, Polish hams have been selling in the United States for 4 to 5 cents per pound below Danish hams.

In JAPAN, the Ministry of Agriculture, Forestry and Fisheries (MAFF) recently announced support prices for beef, pork and milk for Japanese fiscal year 1981 (April 1981 - March 1982). Domestic livestock producers had been citing higher world grain prices and production costs in general as their motives for seeking substantially higher price supports.

Floor and ceiling pork prices were raised 2 percent, partially as a response to producer demands. This increase means that the standard midpoint price offered for imported pork cuts will rise to 846 yen per kilogram or about US \$1.85 per pound. Current prices are above this level and sharply higher imports, including those from the United States, are expected. Japanese swine producers are expanding their herds now, following last year's liquidation.

MAFF raised floor and ceiling prices on Wagyu beef by 3.1 percent. This beef is most similar to the high-quality beef which Japan imports from the United States. Imports of high-quality U.S. beef are growing under provisions of a Multilateral Trade Negotiation agreement with Japan which calls for higher import levels for the next three fiscal years. New price supports for dairy steer beef were raised only 1.2 percent because of recent jumps in production and last year's 1-percent decline in purchases as inflation overtook the growth rate in personal income. The government is seeking to maintain consumer acceptance of beef to avoid reducing total import quotas.

Support prices for manufacturing milk remained unchanged as the dairy industry is striving to bring supply into balance with demand. Japan cut imports of all dairy products, except cheese and compounded butter, in 1980 in an effort to reduce high stocks of manufactured dairy products.

COTTON

In the SOVIET UNION, heavy rains and flooding washed out hundreds of hectares of newly planted cotton and other crops in Uzbekistan, according to reports from the U.S. agricultural counselor in Moscow. (Uzbekistan normally harvests about 1.8 million hectares of cotton.) Cold air with night frosts reportedly spread through the area, however, cotton planting continues. It is too early to tell if any significant damage has occurred.

In CHINA, the 1981/82 cotton area, production and utilization is expected to continue to increase, according to the U.S. agricultural counselor in Beijing. Assuming normal seasonal weather patterns, yields in the Yangtze River area will rebound to more normal levels, while yields in North China may

not repeat the high 1980/81 level. The agricultural counselor reports that preliminary indications are for an increase in expected plantings of 900,000 hectares over the preceding year. He projects that 1981/82 cotton production could reach 12.9 million bales (480 lb. net) and utilization could be as much as 16.6 million bales.

HORTICULTURAL AND TROPICAL PRODUCTS

The 1980/81 WORLD COFFEE CROP now is estimated at 80.7 million bags (60 kilograms each). This is 500,000 bags above the previous estimate, but 700,000 bags below the revised estimate for 1979/80 of 81.4 million bags.

Exportable production, which is the harvested production less domestic consumption in producing countries, is estimated at 60.5 million bags. This is 1.8 percent lower than the estimate of 61.6 million bags for 1979/80.

The production estimate for North and Central America has been lowered by 128,000 bags to 14.962 million bags, with exportable production of 11.353 million bags. The estimates for Costa Rica and Honduras were reduced by 90,000 bags and 47,000 bags, respectively, due to heavy year-end rainfall which caused substantial berry drop. Mexico's estimate has been reduced by 100,000 bags because of lower yields in the principal producing state of Chiapas. The estimate for El Salvador has been raised by 100,000 bags, partly because actual production figures have been understated over the past several years.

Total production of coffee in South America in 1980/81 is estimated at 37.9 million bags, with exportable production at 26.6 million, compared with estimates of 38.7 and 27.4 million bags, respectively, for 1979/80. The major revisions in estimates are for Peru and Colombia. Together their estimates have been revised upward by 275,000 bags because production in both countries is now expected on larger hectarages than previously anticipated.

Coffee production in Africa for 1980/81 now is estimated at 18.6 million bags, up 600,000 bags from the previous estimate. Production was 334,000 bags above earlier expectations at 4.5 million bags in the Ivory Coast, where weather was nearly ideal. Favorable weather and the bearing of trees planted five to six years ago are the principal reasons Madagascar's coffee production estimate has been raised from 1.25 to 1.5 million bags for 1980/81. Increased production in these and some other African countries was partially offset by a 300,000-bag reduction in the estimate for Uganda, where farmers are producing more food and neglecting coffee trees.

In Asia, production estimates for 1980/81 have been lowered for India, down 173,000 bags, Indonesia, down 113,000 bags, while the estimate for Papua New Guinea has been raised by 30,000 bags.

Further details are available in FAS circular, World Coffee Production and Trade, FCOF 2-81.

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JAPAN announced on April 3 the fresh orange global import quota for the first half of the 1981 Japanese fiscal year (April-September). The total quota amounts to 59,500 tons, of which 38,500 tons is a seasonal quota for the June-August period.

In GREECE, cold weather and unseasonable snow in late January and early February has sharply reduced table olive prospects. According to the Union of Olive Growers' Cooperatives, the table olive crop will be 20-percent lower than the 100,000 tons estimated by the Ministry of Agriculture prior to the adverse weather. The Union is estimating the black olive crop at 60,000 tons and the green olive crop at 20,000 tons. However, a table olive crop of 80,000 tons would still exceed the very poor 1979/80 crop by about 60 percent.

In CANADA, the Ontario Agriculture and Food Minister announced in mid-March a C \$1.5 million incentive program aimed at increasing asparagus production. Under the plan, financial assistance will be available to new and existing producers to establish an additional 3,000 acres of asparagus in the province over the next five years. Producers will be eligible for grants of up to C \$500 per acre.

In making the announcement, the Agriculture Minister was quoted as saying, "the program represents an investment by the Ontario Government aimed at replacing 3,000 tons of asparagus currently imported into Ontario annually. The farm-gate value of these import replacements is estimated at \$4.2 million."

In 1980, U.S. exports to Canada represented 78 percent of total U.S. asparagus exports, and were valued at \$5.8 million.

The DOMINICAN REPUBLIC press reports that officials have announced that country will not participate in the new International Cocoa Agreement. Almost all of its cocoa exports are to the United States, which also will not be a member of the new pact.

As the world's tenth largest cocoa bean producer, the Dominican Republic output usually ranges between 30,000 to 35,000 tons annually. In 1980, the United States imported \$56.5 million worth of cocoa beans and products from the Dominican Republic. This compares with total U.S. cocoa imports valued at \$920 million.

INDIA'S import policy for 1981/82 (April - March) places imports of all dried fruit (including almonds) on the restricted list. Import licenses must now be obtained for each shipment and licenses will be limited to only those who have imported products during the three-year period, 1978/79 - 1980/81. The value of imports in each case will be 50 percent of this three-

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year average, with a minimum level for each shipment of not less than 10,000 Rupees (approximately US \$1,250).

NEW RELEASES OF FOREIGN AGRICULTURE CIRCULARS

Fourth Estimate of 1980/81 World Coffee Crop Raised by 500,000 Bags,
FCOF 2-81

U.S. Exports of Tree Nuts Top One-Half Billion Dollars in 1980
FN 1-81

U.S. Trade in Livestock Has Slow Start for 1981 FLM-MT 6-81

February Cotton Exports Up, FC 8-81

U.S. Spice Trade Up in 1980, FTEA 1-81

TO ORDER, contact: U.S. Department of Agriculture, FAS Information Services Staff, Room 5918-South, Washington, D.C. Tel. (202) 447-7937.

INTERNATIONAL WEATHER AND CROP SUMMARY, April 6 - 12

EUROPE--High pressure dominated the continent during the week, keeping precipitation on the light side in most countries for a second consecutive week. Soil moisture remained in good supply as March precipitation was substantially above normal in most agricultural areas. The reverse sequence has been unfolding in the Iberian Peninsula and northern Italy. Below-normal March precipitation, which kept winter grains unfavorably dry, has given way to wet weather in April. Most of Portugal and northern Spain saw continued rainfall during the week maintain improved growing conditions. Southeastern Spain and northern Italy received only light rains, with adequate moisture conditions prevailing for the time being in northern Italy, but only marginal moisture for crop growth in southern Spain. Temperatures held above normal throughout Europe during the week, continuing a pattern which began in early March. The warm, wet weather over most of the continent has provided a very good start for the 1981 growing season.

USSR--A variable precipitation pattern for the week produced generally above-normal amounts in eastern European USSR and below-normal amounts in the west. Soil moisture remained good to somewhat excessive, and reports indicate that fieldwork has not been seriously hindered. March precipitation ranged much above normal over most of European USSR; the fourth consecutive wet month. Temperatures rose to near normal in the winter grain belt, allowing growth to begin again. Above-normal March temperatures had given the crops an early start before the cold snap at the end of the month. In the New Lands, above-normal March precipitation improved the spring grain sowing outlook, but warm weather caused early snowmelt, so that more of the moisture would be lost to evaporation. Cotton-growing areas in south central USSR also received above-normal March precipitation. This moisture created favorable conditions as planting began, temporarily reduced the need for irrigation and may have

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increased snowpack in the mountains, which was reported to be less than normal.

EASTERN ASIA--Heavy rain continued south of the Yangtze River, and reports of flooding in Hunan, Jiangxi, and Fujian have been received. This excessive water came on top of twice normal rainfall in parts of the area during March which had nearly saturated soils. No estimates of damage have been received. Most winter wheat crop areas received only light rainfall during the week. Precipitation during March was enough that heavy irrigation was not needed over most of the belt. Parts of Hebei received somewhat less than normal March precipitation, but only light precipitation is expected during that month, so severe deficits have not yet developed. Nevertheless, warm weather has encouraged winter grain growth and increased crop water needs in this dry area, so that increased irrigation has been necessary. In fact, temperatures stayed above normal for most of March in nearly all crop areas. In South Korea, increased rainfall maintained good growing conditions for winter grains and provided good moisture for spring planting.

SOUTH ASIA--Dry weather moved into winter grain areas of Pakistan and India, providing more favorable harvest conditions. This represented a distinct change from March weather, when above-normal precipitation occurred nearly every week. Temperatures during March stayed cooler than usual, but have now returned to normal. These somewhat cool, damp harvest conditions were not favorable, but no serious losses were expected. Abundant rainfall continued over much of Bangladesh and extreme eastern India. This pattern has persisted on and off since early January, and has provided good moisture for early rice. Rainfall in extreme southern coastal areas increased again following last week's lull.

NORTHWESTERN AFRICA--Very light rainfall in northern Morocco helped winter grains ease through the grain-filling stage. Further potential yield losses are now unlikely, but production from this area is expected to be far below normal. In southern winter grain areas, rainfall has been insufficient to produce a crop. Dry weather returned to Algeria and Tunisia following the previous week's abundant rainfall. Below normal March rainfall in some areas had dimmed crop prospects somewhat, but current moisture conditions should assure near-normal yields.

SOUTH AMERICA--Wet weather occurred in much of Argentina's crop area during the week. Rainfall ranged from 25 to 75 mm which caused delays in crop harvest since fields were too wet. Harvest progress in Argentina stands at about 35 percent for sorghum and 40 percent for corn. The soybean harvest just began in early April. In Brazil, dry weather favored crop harvesting but continued dryness in the south, where the soybean harvest has just begun, has reduced soil moisture reserves considerably. March rainfall was well below-normal in most of Brazil's major corn and soybean producing regions while average monthly temperatures were only slightly above the seasonal normal. Warm, dry weather in March aided crop harvests in central and northern portions of Brazil's corn/soybean belt. March monthly rainfall in Argentina also was below-normal, except in much of Cordoba which received above-normal precipitation. In general, rainfall occurred at timely intervals during the crop season in both Brazil and Argentina. Thus, the relatively dry period which

set in during late growth stages does not appear to have caused any significant reductions in overall yield prospects in both countries.

SOUTH AFRICA--Ideal agricultural weather, summarized by near-normal precipitation and slightly below-average monthly temperatures, prevailed over most of the Maize Triangle during March. The corn crop advanced into the late grain-filling stage, and by late March, early planted corn reached maturity (according to the normal crop calendar) and harvesting should have begun, aided by dry weather. Mild, dry weather has continued during the first two weeks of April with all indications signaling the autumn retreat of the Inter-tropical Convergence Zone (ITCZ) which is associated with the wet season in the Maize Triangle region of South Africa. Thus, the harvest season has begun with the expectation of favorably dry weather. The major impact of weather on the 1981 corn crop has been to support potentially excellent crop yields. Since dry weather is now expected to prevail during the remainder of the harvest season which extends into June, weekly weather summaries will be discontinued until the spring planting season.

MEXICO--Heavy rainfall of up to four times the normal amount over northwestern watersheds during March continued the dramatic rise in irrigation water supplies, which are finally returning to normal. Thus, irrigation water now appears adequate for most northwestern spring and summer crops. Heavier than normal rains in both February and March hurt some corn and grain sorghum in the extreme northeast, and dry weather during the last couple of weeks has benefited crops. Citrus is being stressed by sub-normal rainfall this winter and spring in non-irrigated orchards around Valles, and the dryness is continuing into mid-April. The rest of the northeastern citrus belt received seasonal rainfall and young citrus fruit should be developing satisfactorily. March and early April have been favorable for planting of cotton in the north and corn in the southern plateaus; however, dryness may be slowing germination and early growth of some corn in the southern plateau.

Rotterdam Prices and E.C. Import Levies:

Asking prices in U.S. dollars for imported grain and soybeans, c.i.f., Rotterdam, the Netherlands, compared with a week earlier and a year ago:

Item	April 14, 1981	Change from previous week	A year ago
	\$ per m. ton	\$ per bu.	¢ per bu.
Wheat			
Canadian No. 1 CWRS-12.5%.....	1/	1/	1/
U.S. No. 2 DNS/NS: 14%.....	211.00	5.74	+13
U.S. No. 2 DHW/HW: 13.5%.....	210.00	5.72	+11
U.S. No. 2 S.R.W.....	205.00	5.58	+35
U.S. No. 3 H.A.D.....	240.50	6.55	+ 2
Canadian No. 1 A: Durum.....	1/	1/	1/
Feed grains:			
U.S. No. 3 Yellow Corn.....	163.75	4.16	+ 2
U.S. No. 2 Sorghum 2/.....	164.00	4.17	-10
Feed Barley 3/.....	175.00	3.81	+ 4
Soybeans:			
U.S. No. 2 Yellow.....	309.50	8.42	-17
Argentine 4/.....	306.50	8.34	-18
U.S. 44% Soybean Meal (M.T.)..	268.00	--	- 3.00 5/
EC Import Levies			
Wheat 6/.....	77.95	2.12	+ 2
Barley.....	64.30	1.40	+ 2
Corn.....	76.90	1.95	+ 1
Sorghum.....	75.10	1.91	+ 9

1/ Not available.

2/ Optional delivery: U.S. or Argentine Granifero Sorghum.

3/ Optional delivery: U.S. or Canadian Feed Barley

4/ Optional delivery: Brazil yellow.

5/ Dollars per metric ton.

6/ Durum has a special levy.

Note: Basis May delivery.

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